

EXHIBIT E

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DEPARTMENT OF THE ARMY
ARMY CONTRACTING COMMAND – ROCK ISLAND
3055 RODMAN AVENUE
ROCK ISLAND, IL 61299-8000

REPLY TO
ATTENTION OF:
CCRC-AL
Ref: RF17-065

September 11, 2017

Subject: W52P1J-11-G-0002 Task Order 0002, Nitrocellulose (NC) Facility Schedule

Ms. Angela Nalley
Senior Manager, Contracts
BAE Systems Ordnance Systems Inc.
Radford Army Ammunition Plant
P.O. Box 1
Radford, VA 24143

Dear Ms. Nalley:

Reference:

- a) W52P1J-11-G-0002, Task Order 0002, Completion of the Nitrocellulose (NC) Facility and subsequent modifications
- b) Email from the undersigned, dated March 21, 2017, Subject: W52P1J11G0002 TO 0002 NC Facility Submission of Schedule
- c) BAE charts, "RFAAP Bi-Monthly Meeting", dated August 24, 2017

The purpose of this letter is to address indications from BAE Systems Ordnance Systems Inc. (hereafter "BAE Systems") of a potential schedule slippage for reference a) effort. Per reference c), chart 68 states, "BAE Systems and Fluor recognize that the project is continuing to fall behind the plan to complete design/construction of the new NC Facility." Based upon these charts and informal communications from BAE Systems, it is our understanding that BAE Systems may be encountering issues managing its subcontractor, leading to a potential delay to its contractual commitment. As a result of reference c) meeting on August 24, 2017, it is also the Government's understanding that BAE may be anticipating potential changes in its subcontracting strategy regarding the Administrative Building and Laboratory and its execution strategy regarding the NOx system, increasing the potential for delay.

It is noted that the required performance completion date for the design of this effort supporting the new NC Facility at Radford Army Ammunition Plant (RFAAP) is December 31, 2017, and the required performance completion date for the construction and commissioning of the new NC Facility is December 31, 2018. The Government is increasingly concerned about a potential delay, particularly given the fact that a rebaseline effort resulting in a significant increase to the total price and updated performance completion dates was recently awarded. BAE Systems is reminded of its responsibility to determine how it will meet its contractual requirements within the contractual period of performance, and that includes the responsibility of selecting and effectively managing its subcontractors.

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It is noted that reference c), chart 68 states that BAE's goal is to provide the Government with confidence in the path forward to support the transition from the legacy facility to the new NC facility. In order to build confidence in BAE's abilities to meet its contractual requirements, it is requested that BAE Systems provide additional information regarding how it intends to meet the required completion date for the NC Facility effort. Additionally, it is requested BAE provide an updated Integrated Master Schedule, to address the concerns noted in the attachment contained in reference b) email, as the latest IMS updates provided by BAE Systems continue to show significant errors, including misalignment with BAE's weekly report and 90-day look-ahead, incorrect and incomplete linkages between activities, and critical activities that do not show the relationship between design and construction. Without an adequate IMS, the Government is unable to assess the program progress and impact of slippages of activities on the successor events and overall program, or conduct risk assessment as events change. Further, the Government is concerned with how BAE Systems can effectively manage its program without an adequate IMS, and requests BAE advise what tools it is using to monitor progress and conduct risk assessments.

It is requested that BAE provide the additional information requested within this letter no later than September 22, 2017. If any questions or concerns, please contact the undersigned at (309)782.7814, jaclyn.r.senneff.civ@mail.mil.

Sincerely,



Digitally signed by
SENNEFF.JACLYN.R.1381595710
DN: c=US, o=U.S. Government,
ou=DoD, ou=PKI, ou=USA,
cn=SENNEFF.JACLYN.R.1381595710
Date: 2017.09.11 14:27:50 -05'00'

Jaclyn R. Senneff
Procuring Contracting Officer

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